

# State of Utah

## Continuing Disclosure Document

For the following bond issues:

### General Obligation

Series 1997 E  
Series 1997 F  
Series 1998 A  
Series 1999 E  
Series 2001 A  
Series 2001 B  
Series 2002 A  
Series 2002 B  
Series 2003 A  
Series 2004 A  
Series 2004 B

### Lease Revenue

Series 1995 A  
Series 1996 A  
Series 1996 B  
Series 1997 A  
Series 1998 A&B  
Series 1998 C  
Series 1999 A  
Series 2001 A&B  
Series 2001 C  
Series 2003  
Series 2004 A&B



Summary of Debt Structure and Financial Information  
December 31, 2004  
SEC Rule 15c2-12

State of Utah Continuing Disclosure Document  
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## DEBT STRUCTURE OF THE STATE OF UTAH

### Legal Borrowing Authority

#### Constitutional and Statutory Limitations on State Indebtedness

*Constitutional Debt Limit.* Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to the incurring of such debt. The application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are estimated to be as follows on December 31, 2004:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 164,567,249,587
Uniform Fees in lieu of Ad Valorem Taxable Property (2) .....	11,973,726,252
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 176,540,975,839</u>
Constitutional Debt Limit (1.5%) .....	\$ 2,648,114,638
Less: Currently outstanding General Obligation Debt (Net) (3) .....	<u>(1,595,379,609)</u>
Estimated Additional Constitutional Debt Incurring Capacity of the State (4) .....	<u>\$ 1,052,735,029</u>

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- (1) Based on 2003 taxable values. See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State” below.
  - (2) Based on 2003 “age based” values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of taxable property in the State.
  - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
  - (4) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section “Statutory General Obligation Debt Limit” below.

*Statutory General Obligation Debt Limit.* Title 63, Chapter 38c, Utah Code (the “State Appropriations and Tax Limitation Act”), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in that act, which limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act.

As of December 31, 2004, using the budget appropriations for the Fiscal Year 2005, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as follows:

Statutory General Obligation Debt Limit (1) .....	\$ 880,149,195
Less: Statutorily Applicable General Obligation Debt (Net) (2) .....	<u>(635,199,690)</u>
Remaining Statutory General Obligation Debt Incurring Capacity .....	<u>\$ 244,949,505</u>

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- (1) 45% of the Fiscal Year 2005 appropriation limit of \$1,955,887,100.
  - (2) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

As additional general obligation bonds are issued and outstanding general obligation bonds are retired, the unused maximum general obligation borrowing capacity of the State under the State Appropriations and Tax Limitation Act will fluctuate. The State Appropriations and Tax Limitation Act may be amended in the future by majority vote of both houses of the Legislature.

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years 2000 through 2004 is as follows:

	Fiscal Year Ended June 30 (in thousands)				
	2004	2003	2002	2001	2000
Fair Market Value of Ad					
Valorem Taxable Property (1) .....	\$ 164,567,250	\$ 159,659,350	\$ 153,166,346	\$ 142,253,454	\$ 132,115,079
Fees in lieu of Ad Valorem Tax (2) .....	11,973,726	11,116,588	10,019,394	10,075,896	10,009,634
Fair Market Value for Debt					
Incurring Capacity .....	<u>\$ 176,540,976</u>	<u>\$ 170,775,938</u>	<u>\$ 163,185,740</u>	<u>\$ 152,329,350</u>	<u>\$ 142,124,713</u>
<b>Constitutional:</b>					
Constitutional Debt Limit					
(1.5% of Fair Market Value) .....	\$ 2,648,115	\$ 2,561,639	\$ 2,447,786	\$ 2,284,940	\$ 2,131,871
Outstanding Constitutional					
General Obligation Debt (Net) (3) .....	<u>(1,588,810)</u>	<u>(1,713,755)</u>	<u>(1,498,371)</u>	<u>(1,146,000)</u>	<u>(1,212,325)</u>
Additional Debt Incurring					
Capacity ( <i>constitutional</i> ) .....	<u>\$ 1,059,305</u>	<u>\$ 847,884</u>	<u>\$ 949,415</u>	<u>\$ 1,138,940</u>	<u>\$ 919,546</u>
<b>Statutory:</b>					
Statutory General Obligation					
Debt Limit .....	\$ 835,292	\$ 830,137	\$ 835,341	\$ 759,702	\$ 734,709
Outstanding General Obligation					
Debt (Net) (3) (4) .....	<u>(607,999)</u>	<u>(693,706)</u>	<u>(494,367)</u>	<u>(238,000)</u>	<u>(304,325)</u>
Additional General Obligation					
Debt Incurring Capacity					
( <i>statutory</i> ) .....	<u>\$ 227,293</u>	<u>\$ 136,431</u>	<u>\$ 340,974</u>	<u>\$ 521,702</u>	<u>\$ 430,384</u>

- (1) Actual collection of ad valorem taxes is affected by legislation that may limit the percentage of fair market value which may be used as the basis for taxation.
- (2) For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
- (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
- (4) Certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and the Financial Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

## Authorized General Obligation Bonds and Future General Obligation Bond Issuance

The State has approximately \$46.8 million (\$8.5 million for capital projects from a 2004 authorization; \$26.4 million for highway projects from a 2003 authorization; \$5.9 million for higher education building projects from a 2002 authorization; and \$6 million for transportation projects from a 2000 authorization) aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the Utah Department of Transportation and the Division of Facilities Construction and Management for various capital projects.

The State traditionally issues bonds each year and may, subsequent to December 31, 2004, issue some or all of the additional \$46.8 million aggregate principal amount of authorized and unissued general obligation bonds.

### Outstanding General Obligation Indebtedness

The State has issued general obligation bonds for general government buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of December 31, 2004, the State has the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2004B (2) .....	Various purpose	\$ 140,635,000	July 1, 2019	\$ 140,635,000
2004A (3) .....	Refunding	314,775,000	July 1, 2016	314,775,000
2003A (4) .....	Various purpose	407,405,000	July 1, 2013 (10)	315,120,000
2002B (5) .....	Refunding	253,100,000	July 1, 2012	251,065,000
2002A (6) .....	Various purpose	281,200,000	July 1, 2011 (10)	167,990,000
2001B (7) .....	Various purpose	348,000,000	July 1, 2009 (10)	176,575,000
2001A (8) .....	Building	15,000,000	July 1, 2004	-
1999E (8) .....	Building	38,000,000	July 1, 2004	-
1998A (5) (9) .....	Various purpose	265,000,000	July 1, 2008 (11)	69,100,000
1997F (5) (9) .....	Highway projects	205,000,000	July 1, 2007 (11)	49,475,000
1997E (5) (9) .....	Highway projects	135,000,000	July 1, 2007 (11)	29,775,000
Total Principal Amount of outstanding General Obligation Debt (12) .....				<u>\$ 1,514,510,000</u>

- (1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rated "AAA" by Fitch Inc. ("Fitch"); "Aaa" by Moody's Investors Service, Inc. ("Moody's"); and "AAA" by Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc. ("S&P"), as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (2) As of December 31, 2004, \$47.05 million of these bonds are exempt from statutory debt limit calculations.
- (3) As of December 31, 2004, \$125.315 million of these bonds are exempt from statutory debt limit calculations.
- (4) Portions of this bond issue were refunded by the 2004A General Obligation Bonds. As of December 31, 2004, \$174.1 million of these bonds are exempt from statutory debt limit calculations.
- (5) These bonds are exempt from statutory debt limit calculations.
- (6) Portions of this bond issue were refunded by the 2004A General Obligation Bonds.
- (7) Portions of this bond issue were refunded by the 2004A General Obligation Bonds. As of December 31, 2004, \$173.575 million of these bonds are exempt from statutory debt limit calculations.
- (8) These bonds are included in this table because the final principal and interest payments occurred within Fiscal Year 2005. See "Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year" below.
- (9) Portions of these bond issues were refunded by the 2002B General Obligation Bonds.
- (10) Final maturity date of the outstanding portions of this bond issue after the refunding effected by the 2004A General Obligation Bonds.
- (11) Final maturity date of the outstanding portions of these bond issues after the refunding effected by the 2002B General Obligation Bonds.
- (12) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State's financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2004 is \$106,055,214 and the total deferred amount is \$25,185,605, resulting in total outstanding net direct debt of \$1,595,379,609.

(Source: Division of Finance.)

The following tables show the ratios of the principal par amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding), to population, total personal income, taxable value and fair market/market value for the fiscal years shown and estimated as of December 31, 2004.

	Fiscal Year Ended June 30				
	2004	2003	2002	2001	2000
Outstanding General					
Obligation Debt (000's) (1) .....	\$ 1,510,160	\$ 1,623,680	\$ 1,474,400	\$ 1,146,000	\$ 1,212,325
Debt Ratios:					
Per Capita .....	\$ 633	\$ 681	\$ 637	\$ 499	\$ 540
As % of Total Personal Income .....	2.44%	2.76%	2.58%	2.06%	2.26%
As % of Taxable Value .....	1.29%	1.42%	1.34%	1.12%	1.28%
As % of Fair Market/Market Value .....	0.92%	1.02%	0.96%	0.81%	0.92%

	Estimated
	December 31, 2004 (2)
Outstanding General Obligation Debt (1) .....	\$1,514,510,000
Debt Ratios:	
Per Capita .....	\$614
As % of Total Personal Income .....	2.45%
As % of Taxable Value .....	1.23%
As % of Fair Market/Market Value .....	0.87%

(1) Excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding.

(2) Information as of December 31, 2004 (Fiscal Year 2005) is preliminary and subject to change.

(Sources: Division of Finance and the Financial Advisor.)

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### Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)

Fiscal Year Ending June 30	Series 2004B \$140,635,000		Series 2004A \$314,775,000		Series 2003A \$407,405,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 0	\$ 3,497,931	\$ 0	\$ 12,406,299	\$ 0	\$ 14,824,525
2006 .....	14,355,000	6,654,931	0	14,937,350	1,095,000	14,813,575
2007 .....	7,785,000	6,119,375	0	14,937,350	7,775,000	14,608,250
2008 .....	6,865,000	5,753,125	0	14,937,350	12,825,000	14,093,250
2009 .....	9,970,000	5,332,250	0	14,937,350	59,300,000	12,586,625
2010 .....	11,180,000	4,803,500	0	14,937,350	61,125,000	10,025,313
2011 .....	25,755,000	3,880,125	39,310,000	14,151,150	50,025,000	7,399,375
2012 .....	30,600,000	2,471,250	40,830,000	12,548,350	15,100,000	5,771,250
2013 .....	3,575,000	1,616,875	11,245,000	11,450,625	52,575,000	4,079,375
2014 .....	3,750,000	1,433,750	18,480,000	10,707,500	55,300,000	1,382,500
2015 .....	3,950,000	1,241,250	73,595,000	8,405,625	0	0 (2)
2016 .....	4,125,000	1,039,375	73,910,000	4,718,000	0	0 (2)
2017 .....	4,350,000	827,500	57,405,000	1,435,125	0	0 (2)
2018 .....	4,550,000	605,000	-	-	-	-
2019 .....	4,800,000	371,250	-	-	-	-
2020 .....	5,025,000	125,625	-	-	-	-
Totals	\$ 140,635,000	\$ 45,773,113	\$ 314,775,000	\$ 150,509,424	\$ 315,120,000	\$ 99,584,038

  

Fiscal Year Ending June 30	Series 2002B \$253,100,000		Series 2002A \$281,200,000		Series 2001B \$348,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 2,035,000	\$ 13,401,931	\$ 4,850,000	\$ 8,500,188	\$ 41,425,000	\$ 8,877,938
2006 .....	205,000	13,368,331	45,740,000	7,271,813	34,900,000	7,160,625
2007 .....	160,000	13,362,856	48,075,000	4,926,438	33,250,000	5,627,250
2008 .....	120,000	13,358,656	50,575,000	2,460,188	34,650,000	4,099,500
2009 .....	29,455,000	12,583,663	5,525,000	1,057,688	36,125,000	2,507,063
2010 .....	50,835,000	10,481,778	5,750,000	775,813	37,650,000	847,125
2011 .....	53,670,000	7,710,706	6,000,000	482,063	0	0 (2)
2012 .....	56,705,000	4,744,378	6,325,000	166,031	0	0 (2)
2013 .....	59,915,000	1,610,216	0	0 (3)	0	0 (2)
2014 .....	-	-	0	0 (2)	0	0 (2)
2015 .....	-	-	0	0 (2)	0	0 (2)
2016 .....	-	-	0	0 (2)	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
Totals	\$ 253,100,000	\$ 90,622,515	\$ 172,840,000	\$ 25,640,219	\$ 218,000,000	\$ 29,119,500

  

Fiscal Year Ending June 30	Series 2001A \$15,000,000		Series 1999E \$38,000,000		Series 1998A \$265,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 15,000,000	\$ 300,000	\$ 38,000,000	\$ 855,000	\$ 14,975,000	\$ 3,829,375
2006 .....	-	-	-	-	15,850,000	3,058,750
2007 .....	-	-	-	-	16,775,000	2,243,125
2008 .....	-	-	-	-	17,750,000	1,380,000
2009 .....	-	-	-	-	18,725,000	468,125
2010 .....	-	-	-	-	0	0 (4)
2011 .....	-	-	-	-	0	0 (4)
2012 .....	-	-	-	-	0	0 (4)
2013 .....	-	-	-	-	0	0 (4)
2014 .....	-	-	-	-	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
Totals	\$ 15,000,000	\$ 300,000	\$ 38,000,000	\$ 855,000	\$ 84,075,000	\$ 10,979,375

Continues

- (1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
- (2) Principal and interest has been refunded by the 2004A General Obligation Bonds.
- (3) There was no scheduled principal maturity in this fiscal year.
- (4) Principal and interest has been refunded by the 2002B General Obligation Bonds.

### Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)—Continued

Fiscal Year Ending June 30	Series 1997F \$205,000,000		Series 1997E \$135,000,000			Totals (1)		
	Principal	Interest	Principal	Interest		Total Principal	Total Interest	Total Debt Service
2005 .....	\$ 14,825,000	\$ 3,128,813	\$ 5,175,000	\$ 1,773,469 (3)	\$	136,285,000	\$ 71,395,468	\$ 207,680,468
2006 .....	15,625,000	2,291,438	9,350,000	1,380,500 (4)	\$	137,120,000	70,937,313	208,057,313
2007 .....	16,475,000	1,408,688	9,925,000	850,438 (5)	\$	140,220,000	64,083,769	204,303,769
2008 .....	17,375,000	477,813	10,500,000	288,750 (6)	\$	150,660,000	56,848,632	207,508,632
2009 .....	0	0 (2)	0	0 (2)	\$	159,100,000	49,472,763	208,572,763
2010 .....	0	0 (2)	0	0 (2)	\$	166,540,000	41,870,878	208,410,878
2011 .....	0	0 (2)	0	0 (2)	\$	174,760,000	33,623,419	208,383,419
2012 .....	0	0 (2)	0	0 (2)	\$	149,560,000	25,701,259	175,261,259
2013 .....	0	0 (2)	0	0 (2)	\$	127,310,000	18,757,091	146,067,091
2014 .....	-	-	-	-	\$	77,530,000	13,523,750	91,053,750
2015 .....	-	-	-	-	\$	77,545,000	9,646,875	87,191,875
2016 .....	-	-	-	-	\$	78,035,000	5,757,375	83,792,375
2017 .....	-	-	-	-	\$	61,755,000	2,262,625	64,017,625
2018 .....	-	-	-	-	\$	4,550,000	605,000	5,155,000
2019 .....	-	-	-	-	\$	4,800,000	371,250	5,171,250
2020 .....	-	-	-	-	\$	5,025,000	125,625	5,150,625
Totals	\$ 64,300,000	\$ 7,306,752	\$ 34,950,000	\$ 4,293,156	\$	1,650,795,000	\$ 464,983,091	\$ 2,115,778,091

- (1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
- (2) Principal and interest has been refunded by the 2002B General Obligation Bonds.
- (3) \$4,500,000 (of the original maturity of \$9,675,000) has been refunded by the 2002B General Obligation Bonds.
- (4) \$850,000 (of the original maturity of \$10,200,000) has been refunded by the 2002B General Obligation Bonds.
- (5) \$850,000 (of the original maturity of \$10,775,000) has been refunded by the 2002B General Obligation Bonds.
- (6) \$850,000 (of the original maturity of \$11,350,000) has been refunded by the 2002B General Obligation Bonds.

(Source: The Financial Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	2004	2003	2002	2001	2000
General Fund					
Expenditures .....	\$ 3,775,296	\$ 3,519,422	\$ 3,412,413	\$ 3,088,090	\$ 2,902,455
Debt Service Expenditures .....	\$ 211,960	\$ 189,020	\$ 175,188	\$ 158,886	\$ 158,274
Ratio of Debt Service to General Fund Expenditures .....	5.61%	5.37%	5.13%	5.15%	5.45%
Total All Governmental Funds					
Expenditures (1) .....	\$ 7,074,833	\$ 6,702,566	\$ 6,597,787	\$ 6,233,721	\$ 5,979,692
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures .....	3.00%	2.82%	2.66%	2.55%	2.65%

- (1) Beginning in Fiscal Year 2002, all Governmental Funds include expenditures of the State's major and nonmajor governmental funds (except the Trust Lands permanent fund). These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board ("GASB"). The comparability of Fiscal Years 2004 through 2002 expenditure amounts and the related ratios to Fiscal Year 2001 and prior amounts are affected.

(Sources: Division of Finance and the Fiscal Year Ended June 30, 2004 Comprehensive Annual Financial Report (the "2004 CAFR").)



## **Lease Obligations**

The State leases office buildings, other real property, and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long-term leases are considered noncancellable for financial reporting purposes. Leases that in substance are purchases are reported as capital lease obligations in the government-wide financial statements and proprietary fund statements in the State's Comprehensive Annual Financial Report ("CAFR").

Operating leases (leases on assets not recorded on the Balance Sheet) contain various renewal obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

The total operating lease expenditures for the Fiscal Years 2003 and 2004 were \$26.5 million and \$24.7 million, respectively, for the primary government, and \$16.5 million and \$16.6 million, respectively, for component units.

## **Revenue Bonds and Notes**

Various State agencies have outstanding bonds and notes payable solely from certain specified revenues. None of these bond or note issues are general obligations of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

The majority of the State's revenue bonds and notes are issued by the Utah Housing Corporation (formerly known as the Utah Housing Finance Agency), the State Board of Regents (student loans and college and university capital projects), and the State of Utah, State Building Ownership Authority. The State Building Ownership Authority is discussed below.

### **State of Utah, State Building Ownership Authority**

*Establishment and Statutory Powers.* The State of Utah, State Building Ownership Authority (the Authority) was created in 1979 as body politic and corporate of the State. The Authority is empowered, among other things, to issue bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities at rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on the Authority's legally issued bonds as they become due and to maintain, operate, and insure the facilities. The necessary prior approval of the Legislature for the issuance of such bonds is given by specific acts, which acts are passed upon during a General Session of the Legislature.

The Authority is also empowered, among other things, to: (i) contract with others for needed services; and (ii) cause to be executed mortgages, trust deeds, indentures, pledge agreements, assignments, security agreements, and financing statements encumbering property acquired, or constructed by the Authority.

*Organization.* The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The State Building Ownership Authority Act (Title 63B, Chapter 1, Part 3, Utah Code) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

*The State's Limited Lease Rental Obligation.* The State Building Ownership Authority Act provides that, except as otherwise provided therein, bonds issued by the Authority thereunder shall be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if rentals paid by a lessee State agency to the Authority, from its own appropriated budget or other revenue sources, are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Rental Obligation Bonds."

*Authority's Legal Borrowing Debt Capacity.* The Authority may not issue any bonds or other obligations under the State Building Ownership Authority Act in an amount which would exceed the difference between the total outstanding indebtedness of the State and 1.5% of the fair market value of the taxable property of the State, plus certain add-back indebtedness provided by legislative directive. As of December 31, 2004, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 164,567,249,587
Uniform Fees in lieu of Ad Valorem Taxable Property (2) .....	11,973,726,252
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 176,540,975,839</u>
1.5% Debt Limit Amount .....	\$ 2,648,114,638
Less: Current outstanding State General Obligation Debt (Net) (3) .....	(1,595,379,609)
Less: The Authority's outstanding Lease Revenue Bonds (Net) (3) .....	(389,879,265)
Plus: Statutorily exempt State General Obligation Highway Debt (Net) (3) .....	960,179,918
Plus: Statutorily exempt Authority Lease Revenue Bonds .....	<u>1,945,000</u>
The Authority's Estimated Additional Debt Incurring Capacity .....	<u>\$ 1,624,980,682</u>

- 
- (1) Based on 2003 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.
  - (2) Based on 2003 "aged based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
  - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

*Authorized Lease Revenue Bonds and Future Bonds Issuance.* Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under "Authority's Legal Borrowing Debt Capacity" above, the Authority may only issue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2004, the Authority has approximately \$13 million of remaining bonding authority, comprised of \$10.5 million for capital projects from a 2000 authorization and \$2.5 million for capital projects from a 1999 authorization for future projects that may be undertaken solely by vote of the Authority.

*No Defaulted Authority Bonds or Failures by the State to Renew Lease.* As of December 31, 2004, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2004, the State has never failed to renew an annually renewable lease with the Authority.

*Current Lease Revenue Obligation Bonds Outstanding.* Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture and Lease. Under this program, all Bonds are issued on a parity basis and are cross-collateralized by the facilities subject to the lien of the Indenture and Mortgages.

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The Authority has the following bonds outstanding as of December 31, 2004:

*Issued (On A Parity Basis) Under The State Facilities Master Lease Program*

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2004A (1) .....	Refunding/various purpose	\$ 45,805,000	May 15, 2027	\$ 45,805,000
2004B (1) .....	Refunding	8,920,000	May 15, 2013	8,920,000
2003 (1) .....	Refunding/various purpose	22,725,000	May 15, 2025	22,725,000
2001C (2) .....	University of Utah	30,300,000	May 15, 2022	30,300,000
2001A (1) .....	University of Utah	69,850,000	May 15, 2021	69,850,000
2001B (1) .....	Various purpose	25,780,000	May 15, 2024	25,355,000
1999A (3) (4) .....	Various purpose	9,455,000	May 15, 2009 (10)	1,825,000
1998C (3) .....	Refunding	105,100,000	May 15, 2019	104,860,000
1998A (3) (4) .....	Various purpose (9)	25,710,000	May 15, 2008 (10)	4,830,000
1998B (3) (5) .....	University of Utah	23,091,478	May 15, 2005	31,051,945
1997A (4) (6) .....	DABC 1997A Facilities	4,150,000	May 15, 2008 (10)	735,000
1996A (1) (7) .....	Various purpose	44,725,000	May 15, 2007 (11)	5,735,000
1996B (4) (8) .....	University of Utah	16,875,000	May 15, 2007 (10)	3,285,000
1995A (1) (7) .....	Various purpose	93,000,000	May 15, 2007 (11)	11,860,000
1994A (1) (7) .....	Various purpose	30,915,000	May 15, 2005 (11)	1,895,000
Total Principal amount of outstanding State Facilities Master Lease Program Bonds .....				<u>\$ 369,031,945</u>

- (1) Rated "Aa1" by Moody's; and "AA+" by S&P, as of the last OFFICIAL STATEMENT, dated October 6, 2004. No rating was requested from any other rating agency.
- (2) These bonds bear interest at a variable interest rate. Rated "Aaa/VMIG1" by Moody's and "AAA/A-1+" by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (3) These bonds are rated "Aaa" (FSA Insured; underlying "Aa1") by Moody's, and "AAA" (FSA Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (4) Portions of this bond have been refunded by the 2004A and 2004B Lease Revenue Bonds.
- (5) The Authority has received payments of approximately \$29.6 million, which it has caused to be invested in United States Treasury STRIPS that mature on May 15, 2005 in an amount sufficient to pay debt service due on May 15, 2005 of \$31,585,000, which amount will retire this debt. The current principal outstanding amount is preliminary and subject to change.
- (6) These bonds are rated "Aaa" (Ambac Insured; underlying "Aa1") by Moody's and "AAA" (Ambac Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (7) Portions of this bond have been refunded by the 1998C Lease Revenue Bonds.
- (8) These bonds are rated "Aaa" (MBIA Insured; underlying "Aa1") by Moody's and "AAA" (MBIA Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated October 6, 2004.
- (9) \$1,945,000 of these bonds are exempt from the Authority's borrowing capacity statutory limit.
- (10) Final maturity date after portions of this bond were refunded by the 2004A and 2004B Lease Revenue Bonds.
- (11) Final maturity date after portions of this bond were refunded by the 1998C Lease Revenue Bonds.

(Source: Division of Finance.)

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Other series of bonds issued by the Authority, as listed below under the caption “Issued Under Separate Stand Alone Legal Documents,” are not issued on a parity basis with the bonds issued under the State Facilities Master Lease Program, or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds. The amount outstanding is as of December 31, 2004.

*Issued Under Separate Stand Alone Legal Documents*

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
1993A (1) .....	Human Services Building	\$ 6,230,000	January 1, 2013	\$ 3,650,000
1992A (1) .....	Employment Security (2)	26,200,000	August 15, 2011	12,945,000
1992B (1) .....	Youth Corrections	1,380,000	August 15, 2011	705,000
Total Authority's Other Bonds .....				<u>\$ 17,300,000</u>

- 
- (1) Rated “Aa1” by Moody’s, and “AA+” by S&P, as of the last OFFICIAL STATEMENT, dated October 6, 2004. No rating was requested from any other rating agency.
- (2) Refunding Issue.

*Summary*

Total State Facilities Master Lease Program Bonds .....	\$ 369,031,945
Total Authority's Other Bonds Outstanding .....	<u>17,300,000</u>
Total Authority Lease Revenue Bonds (3) .....	<u>\$ 386,331,945</u>

- 
- (3) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State’s financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2004 is \$6,095,906 and the total deferred amount is \$2,548,586, resulting in total outstanding net direct debt of \$389,879,265.

(Sources: Division of Finance and the Financial Advisor.)

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**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under the State Facilities Master Lease Program*

Fiscal Year Ending June 30	Series 2004A \$45,805,000		Series 2004B \$8,920,000		Series 2003 \$22,725,000		Series 2001C \$30,300,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal (2)	Interest (3)
2005	\$ 495,000	\$ 1,226,890	\$ 220,000	\$ 176,748	\$ 115,000	\$ 874,493	\$ 2,100,000	\$ 711,926 (4)
2006	335,000	2,204,650	85,000	313,145	1,125,000	872,193	1,100,000	916,500
2007	865,000	2,194,600	90,000	310,595	1,180,000	849,693	1,300,000	880,750
2008	895,000	2,168,650	1,295,000	307,895	1,210,000	823,143	1,400,000	838,500
2009	1,930,000	2,141,800	1,340,000	269,045	1,240,000	789,868	1,500,000	793,000
2010	2,405,000	2,079,075	1,380,000	225,495	1,275,000	752,668	1,500,000	744,250
2011	2,550,000	1,958,825	1,455,000	156,495	1,325,000	711,230	1,600,000	695,500
2012	2,665,000	1,831,325	1,500,000	108,480	1,375,000	663,530	1,700,000	643,500
2013	2,795,000	1,698,075	1,555,000	55,980	1,440,000	594,780	1,800,000	588,250
2014	2,945,000	1,558,325	-	-	835,000	537,180	1,800,000	529,750
2015	3,085,000	1,411,075	-	-	875,000	503,780	1,900,000	471,250
2016	3,245,000	1,256,825	-	-	900,000	468,780	1,900,000	409,500
2017	3,405,000	1,094,575	-	-	940,000	432,780	2,000,000	347,750
2018	2,450,000	924,325	-	-	980,000	394,240	2,100,000	282,750
2019	2,230,000	801,825	-	-	1,020,000	353,080	2,100,000	214,500
2020	2,345,000	690,325	-	-	1,065,000	310,240	2,200,000	146,250
2021	2,110,000	567,213	-	-	1,110,000	264,978	2,300,000	74,750
2022	1,665,000	456,438	-	-	1,160,000	216,415	-	-
2023	1,755,000	369,025	-	-	1,210,000	165,375	-	-
2024	1,845,000	276,888	-	-	1,265,000	110,925	-	-
2025	1,830,000 (1)	180,025	-	-	1,080,000	54,000	-	-
2026	1,250,000 (1)	93,100	-	-	-	-	-	-
2027	710,000 (1)	33,725	-	-	-	-	-	-
Totals	\$ 45,805,000	\$ 27,217,578	\$ 8,920,000	\$ 1,923,878	\$ 22,725,000	\$ 10,743,368	\$ 30,300,000	\$ 9,288,676

  

Fiscal Year Ending June 30	Series 2001A \$69,850,000		Series 2001B \$25,780,000		Series 1999A \$9,455,000		Series 1998C \$105,100,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 2,000,000	\$ 3,472,500	\$ 865,000	\$ 1,170,603	\$ 330,000	\$ 95,813	\$ 55,000	\$ 5,737,930
2006	3,175,000	3,392,500	895,000	1,136,003	345,000	78,488	1,120,000	5,735,675
2007	3,125,000	3,233,750	935,000	1,100,203	365,000	60,375	1,170,000	5,688,635
2008	3,250,000	3,077,500	965,000	1,062,803	380,000	41,213	7,715,000	5,638,325
2009	3,375,000	2,915,000	1,005,000	1,024,203	405,000	21,263	8,130,000	5,214,000
2010	3,500,000	2,746,250	1,055,000	984,003	0	0 (6)	8,575,000	4,766,850
2011	3,650,000	2,571,250	1,090,000	941,803	0	0 (6)	9,065,000	4,295,225
2012	3,800,000	2,388,750	1,135,000	898,203	0	0 (6)	8,995,000	3,796,650
2013	3,975,000	2,198,750	1,175,000	852,803	0	0 (6)	9,490,000	3,301,925
2014	4,175,000	2,000,000	1,225,000	804,628	0	0 (6)	10,010,000	2,779,975
2015	4,400,000	1,791,250	1,280,000	753,178	0	0 (7)	9,540,000	2,229,425
2016	4,625,000	1,571,250	1,335,000	698,138	0	0 (7)	9,950,000 (8)	1,704,725
2017	4,850,000	1,340,000	1,400,000	631,388	0	0 (7)	9,835,000 (8)	1,157,475
2018	5,100,000	1,097,500	1,465,000	561,388	0	0 (7)	8,940,000 (8)	616,550
2019	5,350,000	842,500	1,550,000	488,138	0	0 (7)	2,270,000 (8)	124,850
2020	5,600,000	575,000	1,620,000	410,638	0	0 (7)	-	-
2021	5,900,000	295,000	1,705,000	329,638	0	0 (7)	-	-
2022	-	-	1,760,000 (5)	244,388	-	-	-	-
2023	-	-	1,850,000 (5)	151,988	-	-	-	-
2024	-	-	1,045,000 (5)	54,863	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
Totals	\$ 69,850,000	\$ 35,508,750	\$ 25,355,000	\$ 14,299,000	\$ 1,825,000	\$ 297,150	\$ 104,860,000	\$ 52,788,215

Continues

- (1) Mandatory sinking fund payments from a \$3,790,000, 4.75%, term bond due May 15, 2027.
- (2) These principal payments are based on the Authority's current expectations for the redemption of the 2001C Lease Revenue Bonds. The Authority is not required by the Indenture to provide for such payment in advance of the maturity date of the 2001C Lease Revenue Bonds. The maturity date for the 2001C Lease Revenue Bonds is May 15, 2022.
- (3) The 2001C Lease Revenue Bonds are variable rate interest bonds. Interest has been estimated at an average coupon rate of 3.25% per annum.
- (4) Includes \$219,551 of actual interest paid from July 1, 2004 to December 31, 2004. From January 1, 2005 through June 30, 2005, interest has been estimated at 3.25% per annum (\$492,375).
- (5) Mandatory sinking fund payments from a \$4,655,000, 5.25%, term bond due May 15, 2024.
- (6) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
- (7) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$4,335,000, 5.50%, term bond which was due May 15, 2021).
- (8) Mandatory sinking fund payments from a \$30,995,000, 5.50%, term bond due May 15, 2019.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under the State Facilities Master Lease Program—Continued*

Fiscal Year Ending June 30	Series 1998A \$25,710,000		Series 1998B \$23,091,478		Series 1997A \$4,150,000		Series 1996A \$44,725,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 2,615,000	\$ 229,720	\$ 30,341,205	\$ 1,243,795	\$ 170,000	\$ 34,005	\$ 1,820,000	\$ 315,425
2006 .....	705,000	98,970	-	-	180,000	26,185	1,905,000	215,325
2007 .....	735,000	67,950	-	-	190,000	17,905	2,010,000	110,550
2008 .....	775,000	34,875	-	-	195,000	9,165	0	0 (3)
2009 .....	0	0 (1)	-	-	0	0 (1)	0	0 (3)
2010 .....	0	0 (1)	-	-	0	0 (1)	0	0 (3)
2011 .....	0	0 (1)	-	-	0	0 (1)	0	0 (3)
2012 .....	0	0 (1)	-	-	0	0 (1)	0	0 (3)
2013 .....	0	0 (10)	-	-	0	0 (1)	0	0 (3)
2014 .....	0	0 (10)	-	-	0	0 (1)	0	0 (3)
2015 .....	0	0 (10)	-	-	0	0 (2)	0	0 (3)
2016 .....	0	0 (10)	-	-	0	0 (2)	0	0 (4)
2017 .....	0	0 (10)	-	-	0	0 (2)	0	0 (3)
2018 .....	0	0 (10)	-	-	0	0 (2)	0	0 (3)
2019 .....	0	0 (10)	-	-	-	-	0	0 (3)
2020 .....	0	0 (10)	-	-	-	-	0	0 (5)
2021 .....	-	-	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-	-	-
2025 .....	-	-	-	-	-	-	-	-
2026 .....	-	-	-	-	-	-	-	-
2027 .....	-	-	-	-	-	-	-	-
Totals	\$ 4,830,000	\$ 431,515	\$ 30,341,205	\$ 1,243,795	\$ 735,000	\$ 87,260	\$ 5,735,000	\$ 641,300

  

Fiscal Year Ending June 30	Series 1996B \$16,875,000		1995A \$93,000,000		1994A \$30,915,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 .....	\$ 1,040,000	\$ 164,250	\$ 3,760,000	\$ 610,942	\$ 1,895,000	\$ 106,120
2006 .....	1,095,000	112,250	3,945,000	418,242	0	0 (3)
2007 .....	1,150,000	57,500	4,155,000	216,060	0	0 (3)
2008 .....	0	0 (6)	0	0 (3)	0	0 (3)
2009 .....	0	0 (6)	0	0 (3)	0	0 (3)
2010 .....	0	0 (6)	0	0 (3)	0	0 (3)
2011 .....	0	0 (7)	0	0 (3)	0	0 (3)
2012 .....	0	0 (7)	0	0 (3)	0	0 (3)
2013 .....	0	0 (7)	0	0 (3)	0	0 (3)
2014 .....	-	-	0	0 (3)	0	0 (3)
2015 .....	-	-	0	0 (3)	0	0 (3)
2016 .....	-	-	0	0 (3)	0	0 (3)
2017 .....	-	-	0	0 (3)	0	0 (3)
2018 .....	-	-	0	0 (8)	0	0 (9)
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
2025 .....	-	-	-	-	-	-
2026 .....	-	-	-	-	-	-
2027 .....	-	-	-	-	-	-
Totals	\$ 3,285,000	\$ 334,000	\$ 11,860,000	\$ 1,245,244	\$ 1,895,000	\$ 106,120

- (1) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
- (2) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$1,210,000, 5.125%, term bond which was due May 15, 2018).
- (3) Principal and interest have been refunded by the 1998C Lease Revenue Bonds.
- (4) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$5,140,000, 6.00%, term bond which was due May 15, 2016).
- (5) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$7,960,000, 6.00%, term bond which was due May 15, 2019).
- (6) Principal and interest have been refunded by the 2004B Lease Revenue Bonds.
- (7) Principal and interest have been refunded by the 2004B Lease Revenue Bonds (\$4,460,000, 5.40%, term bond which was due May 15, 2013).
- (8) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$18,555,000, 5.75%, term bond which was due May 15, 2018).
- (9) Principal and interest have been refunded by the 1998C Lease Revenue Bonds (\$3,425,000, 6.25%, term bond which was due May 15, 2018).
- (10) Principal and interest have been refunded by the 2004A Lease Revenue Bonds (\$5,800,000, 5.25%, term bond which was due May 15, 2020).

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under Stand Alone Legal Documents*

Fiscal Year Ending	Series 1993A \$6,230,000			Series 1992B \$1,380,000		
June 30	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2005 .....	\$ 330,000	\$ 187,443	\$ 517,443	\$ 80,000	\$ 43,373	\$ 123,373
2006 .....	345,000	171,355	516,355	85,000	38,669	123,669
2007 .....	360,000	154,105	514,105	90,000	33,638	123,638
2008 .....	380,000	136,105	516,105	95,000	28,319	123,319
2009 .....	400,000	116,725	516,725	100,000	22,713	122,713
2010 .....	425,000	96,125	521,125	105,000	16,819	121,819
2011 .....	445,000 (1)	74,025	519,025	110,000	10,500	120,500
2012 .....	470,000 (1)	50,663	520,663	120,000	3,600	123,600
2013 .....	495,000 (1)	25,988	520,988	-	-	-
2014 .....	-	-	-	-	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
2025 .....	-	-	-	-	-	-
2026 .....	-	-	-	-	-	-
2027 .....	-	-	-	-	-	-
Totals	<u>\$ 3,650,000</u>	<u>\$ 1,012,534</u>	<u>\$ 4,662,534</u>	<u>\$ 785,000</u>	<u>\$ 197,631</u>	<u>\$ 982,631</u>

  

Fiscal Year Ending	Series 1992A \$26,200,000		
June 30	Principal	Interest	Total Debt Service
2005 .....	\$ 1,460,000	\$ 784,445	\$ 2,244,445
2006 .....	1,545,000	699,533	2,244,533
2007 .....	1,640,000	608,350	2,248,350
2008 .....	1,735,000	511,319	2,246,319
2009 .....	1,835,000	408,681	2,243,681
2010 .....	1,945,000	300,006	2,245,006
2011 .....	2,060,000	184,863	2,244,863
2012 .....	2,185,000	62,819	2,247,819
2013 .....	-	-	-
2014 .....	-	-	-
2015 .....	-	-	-
2016 .....	-	-	-
2017 .....	-	-	-
2018 .....	-	-	-
2019 .....	-	-	-
2020 .....	-	-	-
2021 .....	-	-	-
2022 .....	-	-	-
2023 .....	-	-	-
2024 .....	-	-	-
2025 .....	-	-	-
2026 .....	-	-	-
2027 .....	-	-	-
Totals	<u>\$ 14,405,000</u>	<u>\$ 3,560,016</u>	<u>\$ 17,965,016</u>

(1) Mandatory sinking fund payments from a \$1,410,000, 5.25%, term bond due January 1, 2013.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding*

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program*			Total Bonds Issued Under Stand Alone Legal Documents		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2005 .....	\$ 47,821,205	\$ 16,171,159	\$ 63,992,364	\$ 1,870,000	\$ 1,015,261	\$ 2,885,261
2006 .....	16,010,000	15,520,125	31,530,125	1,975,000	909,557	2,884,557
2007 .....	17,270,000	14,788,566	32,058,566	2,090,000	796,093	2,886,093
2008 .....	18,080,000	14,002,068	32,082,068	2,210,000	675,743	2,885,743
2009 .....	18,925,000	13,168,178	32,093,178	2,335,000	548,119	2,883,119
2010 .....	19,690,000	12,298,591	31,988,591	2,475,000	412,950	2,887,950
2011 .....	20,735,000	11,330,328	32,065,328	2,615,000	269,388	2,884,388
2012 .....	21,170,000	10,330,438	31,500,438	2,775,000	117,082	2,892,082
2013 .....	22,230,000	9,290,563	31,520,563	495,000	25,988	520,988
2014 .....	20,990,000	8,209,858	29,199,858	-	-	-
2015 .....	21,080,000	7,159,958	28,239,958	-	-	-
2016 .....	21,955,000	6,109,218	28,064,218	-	-	-
2017 .....	22,430,000	5,003,968	27,433,968	-	-	-
2018 .....	21,035,000	3,876,753	24,911,753	-	-	-
2019 .....	14,520,000	2,824,893	17,344,893	-	-	-
2020 .....	12,830,000	2,132,453	14,962,453	-	-	-
2021 .....	13,125,000	1,531,578	14,656,578	-	-	-
2022 .....	4,585,000	917,241	5,502,241	-	-	-
2023 .....	4,815,000	686,388	5,501,388	-	-	-
2024 .....	4,155,000	442,676	4,597,676	-	-	-
2025 .....	2,910,000	234,025	3,144,025	-	-	-
2026 .....	1,250,000	93,100	1,343,100	-	-	-
2027 .....	710,000	33,725	743,725	-	-	-
Totals	<u>\$ 368,321,205</u>	<u>\$ 156,155,848</u>	<u>\$ 524,477,053</u>	<u>\$ 18,840,000</u>	<u>\$ 4,770,181</u>	<u>\$ 23,610,181</u>

Total All Lease Revenue  
Bond Obligations\*

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Debt Service
2005 .....	\$ 49,691,205	\$ 17,186,420	\$ 66,877,625
2006 .....	17,985,000	16,429,682	34,414,682
2007 .....	19,360,000	15,584,659	34,944,659
2008 .....	20,290,000	14,677,811	34,967,811
2009 .....	21,260,000	13,716,297	34,976,297
2010 .....	22,165,000	12,711,541	34,876,541
2011 .....	23,350,000	11,599,716	34,949,716
2012 .....	23,945,000	10,447,520	34,392,520
2013 .....	22,725,000	9,316,551	32,041,551
2014 .....	20,990,000	8,209,858	29,199,858
2015 .....	21,080,000	7,159,958	28,239,958
2016 .....	21,955,000	6,109,218	28,064,218
2017 .....	22,430,000	5,003,968	27,433,968
2018 .....	21,035,000	3,876,753	24,911,753
2019 .....	14,520,000	2,824,893	17,344,893
2020 .....	12,830,000	2,132,453	14,962,453
2021 .....	13,125,000	1,531,578	14,656,578
2022 .....	4,585,000	917,241	5,502,241
2023 .....	4,815,000	686,388	5,501,388
2024 .....	4,155,000	442,676	4,597,676
2025 .....	2,910,000	234,025	3,144,025
2026 .....	1,250,000	93,100	1,343,100
2027 .....	710,000	33,725	743,725
Totals	<u>\$ 387,161,205</u>	<u>\$ 160,926,029</u>	<u>\$ 548,087,234</u>

\* Preliminary; subject to change. The Authority has variable interest rate demand bonds outstanding.

(Source: The Authority.)



*State Financing Consolidation Act.* Approximately \$1 million of revenue bonds are outstanding under the State Financing Consolidation Act, *all of which were issued as State Moral Obligation Bonds.* These revenue bonds were issued to provide funds to the State's Drinking Water Board and Board of Water Resources and are secured by and payable from bonds, notes, and other obligations issued by certain political subdivisions of the State that are held by the State Treasurer.

### **State Guaranty of General Obligation School Bonds**

Under the Utah School Bond Guaranty Act (the "Guaranty Act") which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of and interest on general obligation bonds ("Guaranteed Bonds") issued by qualifying boards of education of Utah school districts ("Qualifying School Boards"). The primary purpose of the Guaranty Act is to reduce borrowing costs for Qualifying School Boards by providing credit enhancement for Guaranteed Bonds.

The State guaranty is extended by the State Treasurer to a Qualifying School District after a review of the application and a recommendation for the guaranty by the State Superintendent of Public Instruction. The State Treasurer has the authority to withhold any guaranty or to terminate the issuance of future guaranties at any time. Determinations of future ineligibility do not reverse or remove prior State guaranties.

In the event a Qualifying School Board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may (a) use any of its available moneys, (b) seek a short-term loan from the Permanent School Fund (although the Fund is not required to make the loan) or (c) issue its short-term general obligation notes. The Qualifying School Board remains liable to the State for any such payments on Guaranteed Bonds.

The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Qualifying School Board. The Guaranty Act also contains provisions to compel the Qualifying School Board to levy a tax sufficient to reimburse the State for such payments and to provide oversight to assure that the Qualifying School Board will ultimately be responsible for payment of debt service on the Guaranteed Bonds.

The State Superintendent of Public Instruction is charged by the Guaranty Act with the responsibility of monitoring the financial affairs, condition, and solvency of each local school board in the State and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations and recommend a course of remedial action.

The State does not expect that it will be required to advance moneys for the payment of debt service on Guaranteed Bonds in the foreseeable future. In the event the State is required to make such an advance and sufficient moneys are not available, the Guaranty Act provides that the State may issue its general obligation notes on an expedited basis in an amount sufficient to make the necessary payment plus costs of issuance. The payments of principal of and interest on such notes from taxes or other identified State revenues are secured by a pledge of the full faith, credit, and resources of the State. The Guaranty Act also provides that such notes do not constitute debt of the State for purposes of the debt limitation of the Utah Constitution.

During Fiscal Year 2005, the State will have approximately \$1.55 billion principal amount outstanding of Guaranteed Bonds. The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act. As of December 31, 2004, the State has not been requested to make payments on any Guaranteed Bonds under the provisions of the Guaranty Act.

### **No Defaulted Bonds**

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.

## FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

### State's Discussion and Analysis of Financial Condition and Results of Operations

#### Recent Developments

*Background.* The State has two major funds to pay for most government operations, the General Fund and the Uniform School Fund. By law, the Uniform School Fund can only be used for public education (kindergarten through 12<sup>th</sup> grade) and higher education (State colleges, universities and technical schools). The General Fund holds money for most other State functions except transportation, which has its own funds.

*Budget Management.* The State ended Fiscal Year 2004 with a surplus of \$95.5 million. This included a \$44.8 million surplus in the General Fund and \$50.7 million surplus in the Uniform School Fund. Higher than expected sales and use tax and individual income tax revenues were the primary reasons for the surplus. By law, \$22.4 million, or 50% of the \$44.8 million General Fund surplus was transferred to the Rainy Day Fund (defined below), \$4.4 million was designated for accrued Industrial Assistance Fund credits, and \$1.6 million was designated for debt service. The remaining \$16.4 million was carried forward for appropriation in Fiscal Year 2005.

By law, \$12.7 million, or 25% of the \$50.7 million Uniform School Fund Fiscal Year 2004 surplus was transferred to the Education Reserve (defined below). The remaining \$38 million was carried forward for appropriation in Fiscal Year 2005.

The Fiscal Year 2004 budget was initially established by actions of the Legislature in the 2003 Legislative General Session. The estimated State revenues used by the Legislature during the 2003 Legislative General Session were \$3.54 billion. Revised revenue estimates during the 2004 Legislative General Session estimated State revenues for Fiscal Year 2004 at \$3.59 billion. The Legislature balanced the budget by using the funds carried over from Fiscal Year 2003, eliminating certain sales tax exemptions, implementing additional program reductions, transferring moneys from restricted and tobacco settlement funds, and utilizing other miscellaneous sources. Those adjustments also made funding available for increases in Medicaid, public education and higher education, and increased benefits for State and higher education employees.

A balanced Fiscal Year 2005 budget was approved by the Legislature in the 2004 Legislative General Session. State revenues were projected to increase 2.8%, or \$101.8 million, above authorized Fiscal Year 2004. Balancing the budget included carrying forward funds from Fiscal Year 2004, transferring money from restricted funds and restricting increases in base budgets. The Legislature was able to approve major increases in Medicaid, public education, higher education, and health, dental and retirement rates. In addition, they provided a cost-of-living adjustment for employees.

*Budget Reserve Accounts.* The State maintains a Budget Reserve Account in the General Fund (referred to herein as the "Rainy Day Fund") which can only be used to cover operating deficits, legal settlement agreements approved by the Legislature or retroactive tax refunds. To cover budget shortfalls for Fiscal Year 2002, the Legislature appropriated approximately \$105.3 million from the Rainy Day Fund.

State law requires 25% of any General Fund surplus to be deposited in the Rainy Day Fund. The 2002 Legislature passed legislation providing for the replenishment of the Rainy Day Fund by annually transferring an additional 25% to the Rainy Day Fund (total of 50%) of any General Fund surplus until appropriations from the Rainy Day Fund have been repaid.

The 2004 Legislature appropriated \$4.2 million of one-time money to the Rainy Day Fund for Fiscal Year 2004. In addition, they reallocated 30% of the tobacco settlement payments received between July 1, 2004 and July 1, 2005 from the tobacco settlement funds to the Rainy Day Fund. This will add approximately \$8 million to the Rainy Day Fund in Fiscal Year 2005.

As of December 31, 2004, the balance in the Rainy Day Fund was approximately \$54 million.

During the 2003 Legislative General Session, legislation was approved that established the Education Budget Reserve Account (the “Education Reserve”) in addition to the Rainy Day Fund. The Education Reserve is a reserve to cover operating deficits that may occur in the public and higher education systems. The Education Reserve is to receive 25% of any surplus in the Uniform School Fund at the end of each fiscal year. The Legislature also established a ceiling on the combined balances of the Rainy Day Fund and the Education Reserve equal to 6% of the combined total of appropriations for all purposes from the General Fund and the Uniform School Fund. The current combined ceiling is approximately \$214 million.

As of December 31, 2004, the balance in the Education Reserve was approximately \$13.3 million.

### Revenues and Expenditures for Fiscal Years 2004, 2003, and 2002

The following table summarizes the State’s revenues and expenditures for Fiscal Years 2004, 2003, and 2002:

Analysis of Operations—General Fund and Major Special Revenue Funds (1)						
	Fiscal Year Ending June 30, 2004		Fiscal Year Ending June 30, 2003		Fiscal Year Ending June 30, 2002	
	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
Revenues: (1)						
Federal revenues .....	\$ 2,292,046	12 %	\$ 2,046,399	11 %	\$ 1,846,910	8
Individual and corporate income taxes .....	1,872,667	7	1,748,649	2	1,709,107	(10)
Sales tax .....	1,553,909	5	1,481,823	1	1,473,479	1
Motor/special fuel tax .....	327,838	2	321,370	0	321,682	4
Other taxes .....	230,558	9	210,992	6	198,438	3
Liquor profits .....	37,127	12	33,063	2	32,541	8
Other .....	620,288	13	546,632	1	541,212	(3)
Total .....	<u>\$ 6,934,433</u>	9 %	<u>\$ 6,388,928</u>	4 %	<u>\$ 6,123,369</u>	(1)
Expenditures .....	<u>\$ 6,623,877</u>	6 %	<u>\$ 6,255,022</u>	0 %	<u>\$ 6,258,170</u>	6

(1) Includes revenues and expenditures for the General Fund and the Major Special Revenue Funds (Uniform School Fund, Transportation Fund, and Centennial Highway Fund).

(Sources: Division of Finance and the 2004 CAFR.)

### Five-Year Financial Summaries

The following summaries were extracted from the State’s audited financial statements for the Fiscal Years 2000 through 2004. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government-wide statement basis.

Five-year historical summaries have been prepared for the Combined Balance Sheet—All Governmental Fund Types Only; Statement of Revenues, Expenditures, and Changes in Fund Balance—General Fund; and Statement of Revenues, Expenditures, and Changes in Fund Balance—Major Special Revenue Funds.

The five-year summary Statement of Revenues, Expenditures, and Changes in Fund Balance—Major Special Revenue Funds has been included to show the State’s sources of revenue for and expenditures on public education and transportation.

**Unless otherwise noted, the financial information for the Fiscal Years’ prior to Fiscal Year 2002 have not been restated to reflect the changes in accounting standards.**

**State of Utah**  
**Combined Balance Sheet—All Governmental Fund Types Only**

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2004 (1)	2003 (1)	2002 (1)	2001 (2)	2000
<b>Assets:</b>					
Cash and cash equivalents .....	\$ 386,148	\$ 505,731	\$ 284,444	\$ 586,836	\$ 659,836
Investments .....	711,950	648,211	785,121	313,565	292,254
<b>Receivables:</b>					
Accounts, net (3) .....	626,266	598,616	485,522	523,415	335,129
Accrued taxes, net (3) .....	586,076	524,670	581,065	548,537	380,909
Notes/Mortgages, net (4) .....	9,458	12,297	13,355	280,350	256,979
Accrued interest (4) .....	55	111	32	1,952	1,817
Due from other funds .....	24,277	51,532	54,173	115,209	72,685
Due from component units .....	26,395	18,922	29,016	29,939	22,031
Interfund loans receivable .....	43,963	43,546	44,638	24,322	28,699
Inventories .....	9,496	7,537	8,894	8,728	9,721
<b>Total assets .....</b>	<b>\$ 2,424,084</b>	<b>\$ 2,411,173</b>	<b>\$ 2,286,260</b>	<b>\$ 2,432,853</b>	<b>\$ 2,060,060</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities .....	\$ 536,089	\$ 537,522	\$ 510,618	\$ 423,000	\$ 393,282
Due to other funds .....	26,569	40,171	65,469	98,126	58,361
Due to component units .....	8,013	4,812	-	359	75
Deferred revenue (3) .....	390,140	320,381	279,983	392,194	114,351
Interfund loans payable .....	2,478	2,478	2,478	2,478	2,478
Leave/Postemployment benefits (5) .....	-	-	-	260,268	248,149
<b>Total liabilities .....</b>	<b>963,289</b>	<b>905,364</b>	<b>858,548</b>	<b>1,176,425</b>	<b>816,696</b>
<b>Fund balances:</b>					
Reserved .....	555,158	704,592	801,664	764,662	755,004
Unreserved designated .....	534,040	466,206	385,833	393,290	328,501
Unreserved undesignated .....	371,597	335,011	240,215	98,476	159,859
<b>Total fund balances .....</b>	<b>1,460,795</b>	<b>1,505,809</b>	<b>1,427,712</b>	<b>1,256,428</b>	<b>1,243,364</b>
<b>Total liabilities and fund balances .....</b>	<b>\$ 2,424,084</b>	<b>\$ 2,411,173</b>	<b>\$ 2,286,260</b>	<b>\$ 2,432,853</b>	<b>\$ 2,060,060</b>

- (1) Beginning in Fiscal Year 2002, this summary includes balances of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The comparability of Fiscal Years 2004 through 2002 balances to Fiscal Year 2001 and prior years' balances is affected.
- (2) Prior to Fiscal Year 2002, this summary included balances from the State's Governmental fund types, which included the General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Fund.
- (3) Increases in these accounts, beginning in Fiscal Year 2001, are mainly due to the implementation of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement resulted in greater amounts of Accounts Receivable, Accrued Taxes, and Deferred Revenue due to changes in revenue recognition criteria. The revenues resulting from the increased receivables were deferred because they were not available for use by the government during the period indicated.
- (4) Decreases in these accounts, beginning in Fiscal Year 2002, are due to the implementation of GASB Statement 34, which resulted in certain water loan funds and housing loan funds being reclassified from Governmental funds to Proprietary funds.
- (5) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type—General Fund**

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2004 (1)	2003 (1)	2002 (1)	2001	2000
<b>Revenues:</b>					
<b>Taxes:</b>					
Sales tax .....	\$ 1,521,076	\$ 1,447,281	\$ 1,437,339	\$ 1,441,046	\$ 1,378,949
Other taxes .....	200,167	187,397	172,307	194,250	216,313
Total taxes .....	1,721,243	1,634,678	1,609,646	1,635,296	1,595,262
<b>Other Revenues:</b>					
Federal contracts and grants .....	1,741,580	1,524,832	1,341,072	1,214,201	1,127,858
Charges for services .....	204,874	182,090	192,190	181,748	164,790
Licenses, permits, and fees .....	18,029	17,745	17,721	16,963	16,738
Federal mineral lease .....	67,216	46,335	29,367	49,566	34,957
Investment income .....	6,897	8,258	15,333	45,468	35,600
Miscellaneous and other .....	143,033	124,422	114,449	74,325	85,202
Total revenues .....	3,902,872	3,538,360	3,319,778	3,217,567	3,060,407
<b>Expenditures:</b>					
<b>Current:</b>					
General government and courts .....	258,766	248,629	261,238	254,001	245,940
Human services and youth corrections .....	550,691	532,270	529,403	333,327	340,466
Corrections, adult .....	187,278	176,624	182,860	183,395	175,198
Public safety .....	146,974	122,830	147,728	120,454	107,554
Health and environmental quality .....	1,340,304	1,171,877	1,055,856	1,097,147	985,888
Higher education—state administration .....	32,827	34,891	42,155	36,118	31,280
Higher education—colleges and universities (2) .....	595,630	592,668	610,837	-	-
Employment and family services .....	394,304	362,931	321,154	286,304	285,517
Natural resources .....	119,909	132,388	119,383	104,859	97,586
Community and economic development .....	86,085	88,731	86,160	82,381	73,881
Business, labor, and agriculture .....	62,528	55,583	55,639	49,417	46,233
Leave/Postemployment benefits (3) .....	-	-	-	7,083	12,828
Total expenditures .....	3,775,296	3,519,422	3,412,413	2,554,486	2,402,371
Excess revenues over (under) expenditures .....	127,576	18,938	(92,635)	663,081	658,036
<b>Other financing sources (uses):</b>					
Capital lease/contracts issued .....	-	-	-	1,602	-
Transfers in .....	178,900	146,547	223,529	268,793	248,069
Transfers out .....	(207,519)	(146,514)	(330,679)	(312,737)	(265,429)
Transfers from component units .....	-	-	-	526	-
Transfers to component units (2) .....	-	-	-	(537,279)	(503,641)
Total other financing sources (uses) .....	(28,619)	33	(107,150)	(579,095)	(521,001)
Net change in fund balances .....	98,957	18,971	(199,785)	83,986	137,035
Beginning fund balance .....	386,996	368,025	708,067	646,959	525,268
Adjustments to beginning fund balance (4) .....	-	-	(140,257)	-	-
Beginning fund balance as adjusted .....	386,996	368,025	567,810	646,959	525,268
Residual equity transfers .....	-	-	-	(22,878)	(15,344)
Ending fund balances .....	\$ 485,953	\$ 386,996	\$ 368,025	\$ 708,067	\$ 646,959

- (1) Due to changes in accounting standards, the comparability of Fiscal Years 2004 through 2002 to Fiscal Year 2001 and prior years' statements is affected.
- (2) State support of higher education—colleges and universities, starting in Fiscal Year 2002, is reported as a current expenditure under the GASB 34 reporting model. Previously, state support of higher education was shown as an operating transfer to components units for the fiscal years 2000 to 2001. These transfers to colleges and universities were substantially all of the operating transfers to component units.
- (3) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type—Major Special Revenue Funds (1)**

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2004 (2)	2003 (2)	2002 (2)	2001	2000
Revenues:					
Taxes:					
Sales tax .....	\$ 32,833	\$ 34,542	\$ 36,140	\$ 24,255	\$ 21,120
Individual income tax .....	1,706,774	1,587,520	1,584,546	1,712,676	1,654,949
Corporate tax .....	165,893	161,129	124,561	183,141	186,936
Motor and special fuels tax .....	327,838	321,370	321,682	310,000	314,164
Other taxes (3) .....	30,391	23,595	26,131	(720)	17,601
Total taxes .....	<u>2,263,729</u>	<u>2,128,156</u>	<u>2,093,060</u>	<u>2,229,352</u>	<u>2,194,770</u>
Other Revenues:					
Federal contracts and grants .....	550,466	521,567	505,838	493,862	447,750
Charges for services .....	27,399	22,465	23,438	35,461	32,031
Licenses, permits, and fees .....	85,606	83,784	80,911	74,616	75,154
Federal aeronautics .....	25,821	18,791	31,026	33,386	26,859
Investment income .....	15,720	16,367	15,296	17,566	15,382
Miscellaneous and other .....	25,693	26,375	21,481	29,502	33,343
Total other revenues .....	<u>730,705</u>	<u>689,349</u>	<u>677,990</u>	<u>684,393</u>	<u>630,519</u>
Total revenues .....	<u>2,994,434</u>	<u>2,817,505</u>	<u>2,771,050</u>	<u>2,913,745</u>	<u>2,825,289</u>
Expenditures:					
Current:					
Public education .....	2,037,873	1,979,461	1,998,240	1,949,959	1,824,162
Transportation .....	810,708	756,139	847,517	877,653	892,130
Leave/Postemployment benefits (4) .....	-	-	-	2,103	4,745
Total expenditures .....	<u>2,848,581</u>	<u>2,735,600</u>	<u>2,845,757</u>	<u>2,829,715</u>	<u>2,721,037</u>
Excess revenues over (under) expenditures .....	<u>145,853</u>	<u>81,905</u>	<u>(74,707)</u>	<u>84,030</u>	<u>104,252</u>
Other financing sources (uses):					
Capital leases/contracts issued .....	-	-	-	1,688	-
General obligation bonds issued .....	-	140,685	277,810	-	-
Premium on bonds issued .....	-	20,581	11,241	-	-
Transfers in .....	163,880	145,625	340,705	249,665	218,390
Transfers out .....	(331,345)	(228,262)	(369,293)	(460,906)	(345,198)
Transfers to component units .....	-	-	-	-	(13)
Total other financing sources (uses) .....	<u>(167,465)</u>	<u>78,629</u>	<u>260,463</u>	<u>(209,553)</u>	<u>(126,821)</u>
Net change in fund balances .....	<u>(21,612)</u>	<u>160,534</u>	<u>185,756</u>	<u>(125,523)</u>	<u>(22,569)</u>
Beginning fund balance .....	779,030	618,496	377,980	503,503	526,240
Adjustments to beginning fund balance (5) .....	-	-	54,760	-	-
Beginning fund balance as adjusted .....	<u>779,030</u>	<u>618,496</u>	<u>432,740</u>	<u>503,503</u>	<u>526,240</u>
Residual equity transfers .....	-	-	-	-	(168)
Ending fund balances .....	<u>\$ 757,418</u>	<u>\$ 779,030</u>	<u>\$ 618,496</u>	<u>\$ 377,980</u>	<u>\$ 503,503</u>

- (1) The major special revenue funds include the Uniform School Fund, Transportation Fund, and Centennial Highway Fund.
- (2) Due to changes in accounting standards, the comparability of Fiscal Years 2004 through 2002 statements to Fiscal Year 2001 and prior years' statements is affected.
- (3) The negative revenue in Fiscal Year 2001 was a result of changes in the balance of receivables related to other taxes, that is, the accrued receivable balance related to other taxes at the end of Fiscal Year 2001 declined compared to the previous fiscal year and furthermore, the decline in the accrued receivable was greater than realized revenue.
- (4) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (5) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

## Property Tax Matters

### Ad Valorem Tax Levy

Though authorized to do so under Section 59-2-901 of the Utah Code, the State does not presently levy ad valorem property taxes. However, if the State does not have sufficient moneys available to pay principal and interest on its general obligation bonds from sources other than ad valorem taxes, the State Tax Commission would be required to levy ad valorem property taxes on all taxable property in the State to cover the deficit.

### Property Tax Act

The State Constitution and Property Tax Act, Chapter 2, Title 59, Utah Code (the "Property Tax Act"), provide that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its "fair market value" as of January 1 of each year, unless otherwise provided by law. Section 3 (2) (iv) of Article XIII of the State Constitution provides that the Legislature may exempt by statute from property tax up to 45% of the fair market value of residential property, as defined by statute. The Legislature enacted legislation, effective January 1, 1995, providing that the "fair market value" of primary residential property will be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The following tables reflect the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The second table shows the Centrally-Assessed Property compared with the Locally-Assessed property.

#### Taxable Value Compared with Fair Market Value of All Taxable Property in the State

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2004 (2) .....	\$ 123,435,000,000	5.2 %	\$ 174,705,000,000	6.2 %
2003 .....	117,371,436,772	2.7	164,567,249,587	3.1
2002 .....	114,320,788,860	3.6	159,659,350,270	4.2
2001 .....	110,312,889,753	8.0	153,166,345,540	7.7
2000 .....	102,142,249,398	7.4	142,253,454,117	7.7

(1) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing the current partial property tax exemption for such property.

(2) Preliminary; subject to change. Rounded to the nearest five million.

(Source: Property Tax Division, Utah State Tax Commission.)

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### Historical Summaries of Taxable Values of Property

	2004		2003	2002	2001	2000
	(1) Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Natural resources .....	\$ 2,800,000,000	2.2 %	\$ 3,002,785,404	\$ 3,336,164,284	\$ 4,067,175,485	\$ 3,944,362,229
Utilities .....	10,943,322,355	8.9	9,742,802,798	9,380,729,030	10,075,002,458	9,286,969,211
Total centrally assessed .....	<u>13,743,322,355</u>	<u>11.1</u>	<u>12,745,588,202</u>	<u>12,716,893,314</u>	<u>14,142,177,943</u>	<u>13,231,331,440</u>
<i>Set by County Assessor (Locally Assessed)</i>						
Real Property:						
Primary residential .....	62,413,394,777	50.6	57,428,791,528	55,154,680,220	52,099,359,175	48,749,007,976
Commercial .....	26,500,000,000	21.5	25,995,762,668	25,524,121,711	23,831,287,399	21,846,954,648
Other real .....	13,000,000,000	10.5	12,900,782,786	12,346,922,189	11,787,529,050	10,337,784,819
Total real property .....	<u>101,913,394,777</u>	<u>82.6</u>	<u>96,325,336,982</u>	<u>93,025,724,120</u>	<u>87,718,175,624</u>	<u>80,933,747,443</u>
Personal property:						
Total personal property .....	<u>7,777,215,721</u>	<u>6.3</u>	<u>8,300,521,588</u>	<u>8,578,171,426</u>	<u>8,452,536,186</u>	<u>7,977,170,515</u>
Total locally assessed .....	<u>109,690,610,498</u>	<u>88.9</u>	<u>104,625,858,570</u>	<u>101,603,895,546</u>	<u>96,170,711,810</u>	<u>88,910,917,958</u>
Total taxable value .....	<u>\$ 123,433,932,853</u>	<u>100.0 %</u>	<u>\$ 117,371,446,772</u>	<u>\$ 114,320,788,860</u>	<u>\$ 110,312,889,753</u>	<u>\$ 102,142,249,398</u>

(1) Preliminary; subject to change. Information is rounded as necessary.

(Source: Property Tax Division, Utah State Tax Commission.)

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## State Revenues, Expenditures, and Fund Balances

The State receives revenues from three principal sources: (a) taxes; (b) Federal grants-in-aid; and (c) miscellaneous charges and receipts, including fees, the State's share of mineral royalties, and bonuses on federal land. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

Fiscal Year Ended June 30 (in thousands)										
	2004	% (1)	2003	% (1)	2002	% (1)	2001	% (1)	2000	% (1)
Taxes (2) .....	\$ 3,989,188	57%	\$ 3,765,460	58%	\$ 3,705,851	60%	\$ 3,879,866	62%	\$ 3,791,453	63%
Federal contracts and grants .....	2,295,428	33	2,049,922	32	1,856,477	30	1,708,087	27	1,575,608	26
All other misc. revenue (3) .....	732,078	10	652,561	10	639,710	10	655,329	11	655,820	11
Total all funds .....	<u>\$ 7,016,694</u>	<u>100%</u>	<u>\$ 6,467,943</u>	<u>100%</u>	<u>\$ 6,202,038</u>	<u>100%</u>	<u>\$ 6,243,282</u>	<u>100%</u>	<u>\$ 6,022,881</u>	<u>100%</u>

- (1) Percentage of total Governmental Fund Revenue. Beginning in Fiscal Year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of Fiscal Years 2004 through 2002 revenue amounts to Fiscal Year 2001 and prior amounts is affected. Prior to Fiscal Year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund, and Debt Service Fund.
- (2) Includes sales, individual income, corporate franchise, motor and special fuel taxes, and other miscellaneous taxes.
- (3) Includes charges for services; licenses, permits, and fees; federal aeronautics; federal mineral lease revenues; intergovernmental revenues; interest on investments; liquor control profits; and other miscellaneous revenues.

(Source: Division of Finance.)

*Revenue Summary.* For the Fiscal Year 2004, General Fund revenues from all sources totaled approximately \$3.9 billion. Of this amount, 39% came from sales tax, 45% came from federal contracts and grants, 6% came from charges for services and licenses, permits, and fees, 5% came from federal mineral lease, investment income and miscellaneous and other revenues and 5% came from other tax sources. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund, which amounted to \$37.1 million.

In the Uniform School Fund for Fiscal Year 2004, revenues from all sources totaled approximately \$2.2 billion. Of this amount, 77% came from individual income taxes, 14% came from federal contracts and grants, 7% came from corporate franchise taxes, and 2% came from other miscellaneous revenue sources.

In the Transportation Fund for Fiscal Year 2004, revenues from all sources totaled approximately \$704.1 million. Of this amount, 47% came from motor and special fuel taxes, 29% came from federal contracts and grants, 12% came from charges for services and licenses, permits, and fees, and 12% came from other miscellaneous unrestricted taxes and fees.

In the Centennial Highway Fund for Fiscal Year 2004, revenues from all sources totaled \$61.9 million. Of this amount 56% came from federal contracts and grants, 32% came from motor vehicle registration fees, 8% came from sales tax revenue, and 4% came from interest income.

## Revenues by Source

### All Governmental Fund Types (1)

Fiscal Year Ended June 30 (in thousands)					
	2004 (1)	2003 (1)	2002 (1)	2001 (2)	2000
Taxes:					
Sales and use tax .....	\$ 1,553,909	\$ 1,481,823	\$ 1,473,479	\$ 1,465,301	\$ 1,400,962
Individual income tax .....	1,706,774	1,587,520	1,584,546	1,712,676	1,654,949
Corporate tax .....	165,893	161,129	124,561	183,141	186,936
Motor and special fuel tax .....	327,838	321,370	321,682	310,000	314,164
Other taxes .....	234,774	213,618	201,583	208,748	234,442
Total taxes .....	<u>3,989,188</u>	<u>3,765,460</u>	<u>3,705,851</u>	<u>3,879,866</u>	<u>3,791,453</u>
Other Revenues:					
Federal contracts and grants .....	2,295,428	2,049,922	1,856,477	1,708,087	1,575,608
Charges for services .....	242,780	211,756	222,669	236,986	217,621
Licenses, permits, and fees .....	113,625	110,315	107,201	91,875	92,300
Federal mineral lease .....	67,216	47,307	30,527	49,566	34,957
Federal aeronautics .....	25,821	18,791	31,026	33,386	26,859
Intergovernmental .....	11,395	8,463	7,611	35,225	80,431
Investment income .....	25,943	29,418	31,240	65,068	55,804
Miscellaneous and other .....	208,171	193,448	176,895	112,970	119,189
Total other revenues .....	<u>2,990,379</u>	<u>2,669,420</u>	<u>2,463,646</u>	<u>2,333,163</u>	<u>2,202,769</u>
Total revenues .....	6,979,567	6,434,880	6,169,497	6,213,029	5,994,222
Liquor profit transfer .....	37,127	33,063	32,541	30,253	28,659
Total revenues and liquor profit transfer .....	<u>\$ 7,016,694</u>	<u>\$ 6,467,943</u>	<u>\$ 6,202,038</u>	<u>\$ 6,243,282</u>	<u>\$ 6,022,881</u>

- (1) Beginning in Fiscal Year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of Fiscal Years 2004 through 2002 revenue amounts to Fiscal Year 2001 and prior amounts is affected.
- (2) Prior to Fiscal Year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund, and Debt Service Fund.

(Sources: Division of Finance and the 2004 CAFR.)

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## Expenditures by Function

### All Governmental Fund Types (1)

Function	Fiscal Year Ended June 30 (in thousands)				
	2004 (1)	2003 (1)	2002 (1)	2001 (2)	2000
Human services, health, corrections, and environmental quality .....	\$ 2,084,990	\$ 1,888,105	\$ 1,775,052	\$ 1,613,869	\$ 1,501,552
Public education .....	2,038,053	1,979,880	1,998,450	1,949,959	1,824,162
Transportation and public safety .....	961,441	882,151	999,332	998,107	999,684
Higher education .....	647,749	632,368	652,992	569,722	531,364
Employment and family services .....	394,926	363,116	321,154	286,304	285,517
General government and courts .....	279,209	269,450	287,024	256,505	248,301
Debt service .....	211,960	189,020	175,188	158,886	158,274
Capital outlay .....	173,869	205,861	112,569	153,126	191,819
Natural resources .....	121,461	134,247	121,072	104,859	97,586
Community and economic development .....	89,051	91,986	91,014	83,526	77,305
Business, labor, and agriculture .....	72,124	66,382	63,940	49,672	46,555
Leave/Postemployment benefits (3) .....	-	-	-	9,186	17,573
Total expenditures All Governmental Fund Types .....	<u>\$ 7,074,833</u>	<u>\$ 6,702,566</u>	<u>\$ 6,597,787</u>	<u>\$ 6,233,721</u>	<u>\$ 5,979,692</u>

### Changes in All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (dollars in millions)				
	2004 (1)	2003 (1)	2002 (1)	2001 (2)	2000
Revenues (4) .....	\$ 7,017	\$ 6,468	\$ 6,202	\$ 6,243	\$ 6,023
% change over previous year .....	8.5%	4.3%	-0.7%	3.7%	8.3%
Net other financing sources (5) .....	\$ 29	\$ 319	\$ 565	\$ 18	\$ 45
Expenditures (6) .....	\$ 7,075	\$ 6,703	\$ 6,598	\$ 6,234	\$ 5,980
% change over previous year .....	5.5%	1.6%	5.8%	4.2%	1.4%

- (1) Beginning in Fiscal Year 2002, this summary includes the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of Fiscal Years 2004 through 2002 amounts to Fiscal Year 2001 and prior amounts is affected.
- (2) Prior to Fiscal Year 2002, this summary included the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund, and Debt Service Fund.
- (3) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Includes liquor control profits.
- (5) Includes bond proceeds, net of any refunding issues, plus financing provided from capital leasing.
- (6) Funding for expenditures is provided from revenues, beginning balances, bond proceeds, and capital leases issued; beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2004 CAFR.)

## Fund Balances

### Fund Balances—All Governmental Fund Types (1)

Fund	Fiscal Year Ended June 30 (in thousands)				
	2004 (2)	2003 (2)	2002 (2)	Restated 2001	2000
General (3) .....	\$ 485,953	\$ 386,996	\$ 368,025	\$ 567,810	\$ 646,959
Special Revenue:					
Uniform School (4) .....	313,886	243,917	182,219	242,727	287,953
Transportation (5) .....	226,081	214,879	130,920	126,080	96,494
Centennial Highway .....	217,451	320,234	305,357	63,933	119,056
Environmental Reclamation (6) .....	23,762	23,291	24,058	21,556	-
Tobacco Endowment .....	17,759	12,177	41,531	27,521	-
Rural Development (7) .....	15,094	12,318	11,357	8,086	505
Crime Victim Reparation (6) .....	10,653	13,526	16,558	14,169	-
Miscellaneous Special Rev. (6) .....	7,603	6,489	6,847	5,895	-
Universal Telephone Service (6) .....	3,804	4,787	8,895	10,473	-
Consumer Education (7) .....	3,564	3,133	2,967	3,836	307
State Capitol .....	-	37	21	7	-
Sports Authority (8) .....	-	-	689	1,127	5,503
Capital Projects .....	122,343	248,021	305,386	128,340	77,830
Debt Service .....	12,842	16,004	22,882	12,110	8,757
Total .....	<u>\$ 1,460,795</u>	<u>\$ 1,505,809</u>	<u>\$ 1,427,712</u>	<u>\$ 1,233,670</u>	<u>\$ 1,243,364</u>

- (1) Includes restricted and unrestricted fund balances.
- (2) Beginning in Fiscal Year 2002, this summary includes fund balances of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of Fiscal Years 2004 through 2002 fund balance amounts to Fiscal Year 2001 and prior amounts is affected. Prior to Fiscal Year 2002, this summary included fund balances of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund, and Debt Service Fund.
- (3) The General Fund Fiscal Year 2001 ending fund balance was restated, resulting in a decrease of (\$140.3) million because of the following changes: a) reclassification of water and housing loan funds that were previously reported as a part of the General Fund, but now are reported as proprietary funds due to the implementation of GASB Statement 34 resulted in a decrease of (\$286.9) million; b) additional guidance from GASB Interpretation 6 increased fund balance by \$142.4 million; and c) miscellaneous changes because of various fund reclassifications and prior period adjustments due to GASB Statement 34, these changes amounted to an increase in fund balance of \$4.2 million.
- (4) The Uniform School Fund Fiscal Year 2001 ending fund balance was restated by approximately \$24.0 million due to: a) additional guidance in GASB Interpretation 6, which increased fund balance by \$18.4 million; b) reclassification of Applied Technology Centers to a component unit resulted in a decrease of (\$4.1) million; and c) various fund reclassifications and prior period adjustments of \$9.6 million due to GASB Statement 34.
- (5) The Transportation Fund Fiscal Year 2001 ending fund balance was restated by \$30.8 million primarily because of additional guidance in GASB Interpretation 6.
- (6) The ending Fiscal Year 2001 fund balances for the following funds were reclassified to special revenue funds in the following amounts because of GASB Statement 34: a) Environmental Reclamation Fund—\$21.6 million; b) Crime Victim Reparation Fund—\$14.2 million; c) Universal Telephone Service Fund—\$10.5 million; and d) Miscellaneous Special Revenue Funds—\$5.9 million. These funds had previously been reported as trust funds or proprietary funds in the fiscal years prior to Fiscal Year 2002.
- (7) The Consumer Education and Rural Development Funds had ending Fiscal Year 2001 fund balance restatements of \$3.5 million and \$6.5 million respectively, because of fund reclassifications due to the implementation of GASB Statement 34.
- (8) The Sports Authority Fund was closed in Fiscal Year 2003.

(Sources: Division of Finance and the 2004 CAFR.)

## General Fund

### Revenues, Expenditures, and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	2004 (1)	2003 (1)	2002 (1)	2001	2000
Revenues:					
Federal contracts and grants .....	\$ 1,741,580	\$ 1,524,832	\$ 1,341,072	\$ 1,214,201	\$ 1,127,858
Sales tax .....	1,521,076	1,447,281	1,437,339	1,441,046	1,378,949
Charges for services .....	204,874	182,090	192,190	181,748	164,790
Other taxes .....	200,167	187,397	172,307	194,250	216,313
Miscellaneous and other .....	143,033	124,422	114,449	74,325	85,202
Federal mineral leases .....	67,216	46,335	29,367	49,566	34,957
Liquor profit (2) .....	37,127	33,063	32,541	30,253	28,659
Licenses, permits, and fees .....	18,029	17,745	17,721	16,963	16,738
Investment income .....	6,897	8,258	15,333	45,468	35,600
Total revenues .....	<u>\$ 3,939,999</u>	<u>\$ 3,571,423</u>	<u>\$ 3,352,319</u>	<u>\$ 3,247,820</u>	<u>\$ 3,089,066</u>
% change over previous year .....	10.3%	6.5%	3.2%	5.1%	8.3%
Expenditures .....	<u>\$ 3,775,296</u>	<u>\$ 3,519,422</u>	<u>\$ 3,412,413</u>	<u>\$ 3,088,090</u>	<u>\$ 2,902,455</u>
% change over previous year .....	7.3%	3.1%	10.5%	6.4%	3.9%
Fund Balance: (3)					
Unreserved, designated .....	\$ 255,531	\$ 156,016	\$ 146,551	\$ 187,491	\$ 158,222
Unreserved, undesignated .....	16,359	-	-	11,614	25,376
Reserved .....	214,063	230,980	221,474	508,962	463,361
Total fund balance .....	<u>\$ 485,953</u>	<u>\$ 386,996</u>	<u>\$ 368,025</u>	<u>\$ 708,067</u>	<u>\$ 646,959</u>

- (1) Due to changes in accounting standards, the comparability of Fiscal Years 2004 through 2002 to Fiscal Year 2001 and prior amounts is affected.
- (2) Liquor control profits are reported as transfers into the General Fund.
- (3) The Fund Balance is derived from revenues, expenditures, transfers, and other financing sources which are not presented in this table and the beginning fund balance from the prior fiscal year.

(Sources: Division of Finance and the 2004 CAFR.)